

Other Possibilities

Catastrophic Failure - Financial Risk

There exist several possibilities that a catastrophic event could cause data loss and thus prevent payphone calls from being logged.

The possibility exists that a power or systems failure would suddenly shut down the switches. In the past, this has happened infrequently. According to the manufacturer, you might expect this once per two-year period, barring outside circumstances.

In the event of a catastrophic failure, the "open records" would never be completed, so, calls in progress would get disconnected and never recorded. It is possible some of these calls would be DAC payphone calls.

As of the time of this audit, the maximum number of calls Dollar Phone could handle at any one time is estimated to be about

2,500. Considering that a "call" typically must have an "inbound" and "outbound" trunk, the maximum number of calls Dollar Phone could have in process at any one time is about 1,200. But, of those trunks, Dollar Phone has only a modest number of toll free numbers. The balance are "local access" requiring 1+ dialing (i.e. from a home phone or cell phone, or, someone feeding quarters into a payphone). Only the toll free "8XX" numbers could be used by payphone customers not putting coins in a payphone.

At the beginning of Qtr2, 2008 with the payphone compensation rate of about \$0.50, the maximum exposure, if ALL Dollar Phone's 8XX numbers were being used by payphone customers when the switches suffered a catastrophic shutdown, the actual cash exposure would be about \$516.00.

Historically, switch failures are very rare. This might occur once every year and a half and therefore would not be meaningful.

APPENDIX A

GAGAS

1. Relationship between GAGAS and AICPA and other standards

(excerpt)

1.09 GAGAS may be used in conjunction with professional standards issued by other authoritative bodies. For example, the American Institute of Certified Public Accountants (AICPA) has issued professional standards that apply in financial audits and attestation engagements performed by certified public accountants (CPA). GAGAS incorporate the AICPA's field work and reporting standards and the related statements on auditing standards for financial audits unless specifically excluded, as discussed in chapters 4 and 5. GAGAS incorporate the AICPA's general standard on criteria, and the field work and reporting standards and the related statements on the standards for attestation engagements, unless specifically excluded, as discussed in chapter 6. To meet the needs of users of government audits and attestation engagements, GAGAS also prescribe requirements in addition to those provided by the AICPA for these types of work.

1.08 Auditors may provide professional services, other than audits and attestation engagements, that consist solely of gathering, providing, and explaining information requested by decision makers or by providing advice or assistance to officials of the audited entity. GAGAS are not applicable to non-audit services, which are described more fully in chapter 2. However, providing non-audit services may affect an audit organization's independence to conduct audits, which is discussed in chapter 3

1.07 Even if not required to do so, auditors may find it useful to follow GAGAS in performing audits of federal, state, and local government programs as well as in performing audits of government awards administered by contractors, nonprofit entities, and other non-government entities. Many audit organizations not formally required to do so, both in the United States of America and in other countries, voluntarily follow GAGAS

APPENDIX B

References & Definitions as Required by this Report

(*) except as noted in the details (Supplemental Information) section. In some cases, there may appear to be minor deviations to the regulations. For example, the rules imply the completing carrier have several persons doing specific jobs: A switch engineer (contact), and an IT manager (contact). In some carriers, this is the same person. Where this completing carrier exhibits these small discrepancies, they are so noted in the Supplemental Information section. They do not affect the integrity of the audit or the validity of the data.

Dial Around Compensable Rate:

The amount paid to the payphone operator by the completing carrier for a completed DAC call. The rate is currently included in the Dollar Phone, accounting procedures. Changes will be made when required by the FCC.

Compensable Call:

A compensable call is a completed payphone-originated call.

Completed Call:

A call is considered completed when it has been answered. But the definition is considerably more complicated than it would appear. Calls from many of Dollar Phone's customers are to destinations worldwide, in many cases where reliable call completion (answer supervision) may not always be available, reliable, or, is "simulated" by the foreign ILEC due to antiquated CPE equipment. In the absence of positive answer supervision, or in addition to it, it appears completing carriers use a 60-second time period, which begins at the time the customer presses the last digit of the called telephone number, and includes all the switching times on the outbound leg plus on-hook ringing times at the receiver's end, and makes allowances for the lack of answer supervision signaling. In some cases the call actually never completes and the caller is left hanging with dead space in his ear. In this case, Dollar Phone does not charge the caller, but, because the call exceeds 60 seconds, does consider the call compensable and includes the call in its compensable call record file.

This process varies widely by completing carrier. The details of the Dollar Phone process are included in the Supplemental Information materials.

Clearinghouse

Third party entity that performs some of the functions required to compensate payphone owners

UTC:

Universal Coordinated Time (formerly known as Greenwich Mean Time)

Supplemental Information Section

As an adjunct to this audit, a significant amount of material is attached, including graphics and diagram plates, explaining each step in the data flow process.

References in this portion of the audit to "details" are to this material. There are some references above to "exceptions". This is due to the wording of the FCC rulings where there might be some margin for interpretation. In some of the "exception" notations, the reasons are that the completing carrier uses a third party DAC provider like Billing Concepts, Inc. This means that, although responsibility still lies with the completing carrier, the PSP usually starts with BCI for compensation issues. If BCI cannot resolve the issues on behalf of the completing carrier, then the officer in charge at the completing carrier is brought into the loop. In many cases, BCI is able to handle the inquiry and the completing carrier is never even aware of the issue.

Similarly, the third party compensation service produces reports which aren't available to the completing carrier. The third party compensation service also has access to PSP ANI's which are not available to the completing carrier.

These constitute "exceptions" to a possible strict interpretation of the rules and are so noted above, although they are not in any way implying a "failure to comply" by the completing carrier.

The Supplemental Information is available to the inquiring PSP at the completing carrier's offices.

APPENDIX C

Federal Communications Commission FCC 03-235

64.1310 Payphone compensation procedures.

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(a) Unless the payphone service provider agrees to other compensation arrangements, each Completing Carrier identified in section 64.1300(a) shall compensate the payphone service provider as follows:

(1) Each Completing Carrier shall establish a call tracking system that accurately tracks coinless access code or subscriber toll-free payphone calls to completion..

(2) Each Completing Carrier shall pay compensation to payphone service providers on a quarterly basis for each completed payphone call identified in the Completing Carrier's quarterly report required by section 64.1310(a)(4).

(3) At the conclusion of each quarter, the chief financial officer of the Completing Carrier shall submit to each payphone service provider to which compensation is tendered a sworn statement that the payment amount for that quarter is accurate and is based on 100% of all completed calls that originated from that payphone service provider's payphones.

(4) At the conclusion of each quarter, the Completing Carrier shall submit to the payphone service provider, in computer readable format, a report on that quarter that includes:

(A) A list of the toll-free and access numbers dialed from each of that payphone service provider's payphones and the ANI for each payphone;

(B) The volume of calls for each number identified in subparagraph (a)(4)(A) that were completed by the Completing Carrier; and

(C) The name, address, and phone number of the person or persons responsible for handling the Completing Carrier's payphone compensation.

(D) The carrier identification code ("CIC") of all facilities-based long distance carriers that routed calls to the Completing Carrier, categorized according to the subparagraph (a)(4)(A) list of toll-free and access code numbers.

(b) For purposes of this subpart, an Intermediate Carrier is a facilities-based long distance carrier that switches payphone calls to other facilities-based long distance carriers.

(c) Unless the payphone service provider agrees to other reporting arrangements, each Intermediate Carrier shall provide the payphone service provider with quarterly reports, in computer readable format, that include:

(1) A list of all the facilities-based long distance carriers to which the Intermediate Carrier switched toll-free and access code calls;

(2) For each facilities-based long distance

carrier identified in paragraph (b)(1), a list of the toll-free and access code numbers that all local exchange carriers have *delivered to the Intermediate Carrier and* that the Intermediate Carrier switched to the identified facilities-based long distance carrier;

(3) The volume of calls for each number identified in paragraph (b)(2) that the Intermediate Carrier has received from each of that payphone service provider's payphones, identified by their ANIs, and switched to each facilities-based long distance carrier identified in paragraph (b)(1); and

(4) The name, address and telephone number and other identifying information of the person or persons for each facilities-based long distance carrier identified in paragraph (b)(1) who serves as the Intermediate Carrier's contact at each identified facilities-based long distance carrier.

APPENDIX D

FCC Federal Communications Commission FCC 03-235

FINAL RULES

§ 64.1310 Payphone compensation procedures.

Note: Section 64.1300 is amended by revising paragraph (a), adding a new paragraph (b), and redesignating prior paragraphs (b) and (c) as (c) and (d) to read as follows:

(a) Unless the payphone service provider agrees to other compensation arrangements, each Completing Carrier identified in section 64.1300(a) shall compensate the payphone service provider as follows:

(1) Each Completing Carrier shall establish a call tracking system that accurately tracks coinless access code or subscriber toll-free payphone calls to completion.

(2) Each Completing Carrier shall pay compensation to payphone service providers on a quarterly basis for each completed payphone call identified in the Completing Carrier's quarterly report required by section 64.1310(a)(4).

(3) At the conclusion of each quarter, the chief financial officer of the Completing Carrier shall submit to each payphone service provider to which compensation is

tendered a sworn statement that the payment amount for that quarter is accurate and is Based on 100% of all completed calls that originated from that payphone service provider's payphones.

(4) At the conclusion of each quarter, the Completing Carrier shall submit to the payphone service provider, in computer readable format, a report on that quarter that includes:

(A) A list of the toll-free and access numbers dialed from each of that payphone service provider's payphones and the ANI for each payphone;

(B) The volume of calls for each number identified in subparagraph (a)(4)(A) that were completed by the Completing Carrier; and

(C) The name, address, and phone number of the person or persons responsible for handling the Completing Carrier's payphone compensation.

(D) The carrier identification code ("CIC") of all facilities-based long distance carriers that routed calls to the Completing Carrier, categorized according to the subparagraph (a)(4)(A) list of toll-free and access code numbers.

(b) For purposes of this subpart, an Intermediate Carrier is a facilities-based long distance carrier that switches payphone calls to other facilities-based long distance carriers.

(c) Unless the payphone service provider agrees to other reporting arrangements, each Intermediate Carrier shall provide the payphone service provider with quarterly reports, in computer readable format, that include:

(1) A list of all the facilities-based long distance carriers to which the Intermediate Carrier switched toll-free and access code calls;

(2) For each facilities-based long distance carrier identified in paragraph (b)(1), a list of the toll-free and access code numbers that all local exchange carriers have delivered to the Intermediate Carrier and that the Intermediate Carrier switched to the identified facilities-based long distance carrier;

(3) The volume of calls for each number identified in paragraph (b)(2) that the Intermediate Carrier has received from each of that payphone service provider's payphones, identified by their ANIs, and switched to each facilities-based long distance carrier identified in paragraph (b)(1); and

(4) The name, address and telephone number and other identifying information of the person or persons for each facilities-based long distance carrier identified in paragraph (b)(1) who serves as the Intermediate Carrier's contact at each identified facilities-based long distance carrier.

(g) Each Completing Carrier and each Intermediate Carrier must maintain verification data to support their subparagraph (a)(4) and subparagraph (c)

quarterly reports for 18 months after the close of that quarter. This data must include the time and date that each call identified in subparagraph (a)(4) and subparagraph (c) was made. This data must be provided to the payphone service provider upon request.

Note: Section 64.1320 is amended by revising the Title, paragraphs (a) and (b), and by adding paragraphs (c), (d), (e), (f), and (g) to read as follows:

§ 64.1320 Payphone Call Tracking System Audits.

(a) As a precondition to tendering payment pursuant to section 64.1310(a), all Completing Carriers must undergo a system audit of their section 64.1310(a)(1) tracking system by an independent third party auditor whose responsibility shall be, using audit methods approved by the American Institute for Certified Public Accountants, to determine whether the call tracking system accurately tracks payphone calls to completion.

(b) By the effective date of these rules, each Completing Carrier in paragraph (a) must file an audit report from the auditor (the "System Audit Report") regarding the Completing Carrier's compliance with section 64.1310(a)(1) as of the date of the audit with the Commission's Secretary in CC Docket No. 96-128 and with each payphone service provider for which it completes calls and with each facilities-based long distance carrier from which it receives payphone calls.

(c) The Completing Carrier must comply with, and the third-party auditor must verify, the Completing Carrier's compliance with the following factors in establishing a call tracking system pursuant to section 64.1310(a)(1):

(1) Whether the Completing Carrier's procedures accurately track calls to completion;

(2) Whether the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls;

(3) Whether the Completing Carrier has effective data monitoring procedures;

(4) Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability;

(5) Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers;

(6) Whether the Completing Carrier has procedures to incorporate call data into required reports;

(7) Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes;

(8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial; and

(9) Whether the Completing Carriers has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:

(i) identify calls originated from payphones;

(ii) identify compensable payphone calls;

(iii) identify incomplete or otherwise noncompensable calls; and

(iv) determine the identities of the payphone service providers to which the Completing Carrier owes compensation.

(d) Consistent with standards established by the American Institute of Certified Public Accounts for attestation engagements, the System Audit Report shall consist of:

(1) the Completing Carrier's representation concerning its compliance; and

(2) the independent auditor's opinion concerning the Completing Carrier's representation of compliance. The Completing Carrier's representation must disclose

(i) its criteria for identifying calls originating from payphones;

(ii) its criteria for identifying compensable payphone calls;

(iii) its criteria for identifying incomplete or otherwise noncompensable calls;

(iv) its criteria used to determine the identities of the payphone service providers to which the completing carrier owes compensation;

(v) the identity of any clearinghouses the Completing Carrier uses; and (vi) the types of information that the Completing

Carrier needs from the payphone service providers in order to compensate them.

(e) At the time of the filing of System Audit Report with the Commission, the Completing Carrier shall file with the Commission's Secretary, and the facilities-based long distance carriers and payphone service providers identified in section 64.1320(b), a statement that includes the name of the Completing Carrier, and the name, address and phone number for the person or persons responsible for handling the Completing Carrier's payphone compensation and for resolving disputes with payphone service providers over compensation, and this statement shall be updated within 60 days of any changes of such persons.

(f) One year after the filing of the System Audit Report, and annually thereafter, the Completing Carrier shall engage an independent third-party auditor to:

(1) verify that no material changes have occurred concerning the Completing Carrier's compliance with the criteria of the prior year's System Audit Report; or

(2) if a material change has occurred concerning the Completing Carrier's compliance with the prior year's System Audit Report, verify that the material changes do not affect compliance with the audit criteria set forth in subparagraph (c). The Completing Carrier must fully disclose any material changes concerning its call tracking system in its representation to the auditor. The Completing Carrier shall file and provide copies of all System Audit Reports pursuant to the procedures set forth in subparagraph (b).

(g) Subject to protections safeguarding the auditor's and the Completing Carrier's confidential and proprietary information, the Completing Carrier shall provide, upon request, to the payphone service provider for inspection any documents, including working papers, underlying the System

APPENDIX E

Payphone Compensation Criteria – Info Digit Parameter Definitions

NANP North American Numbering Plan

00

Plain Old Telephone Service (POTS) - non-coin service requiring no special treatment

01

Multiparty line (more than 2) - ANI cannot be provided on 4 or 8 party lines. The presence of this "01" code will cause an Operator Number Identification (ONI) function to be performed at the distant location. The ONI feature routes the call to a CAMA operator or to an Operator Services System (OSS) for determination of the calling number.

02

ANI Failure - the originating switching system indicates (by the "02" code), to the receiving office that the calling station has not been identified. If the receiving switching system routes the call to a CAMA or Operator Services System, the calling number may be verbally obtained and manually recorded. If manual operator identification is not available, the receiving switching system (e.g., an

InterLATA carrier without operator capabilities) may reject the call.

03-05

Unassigned

06

Station Level Rating - The "06" digit pair is used when the customer has subscribed to a class of service in order to be provided with real time billing information. For example, hotel/motels, served by PBXs, receive detailed billing information, including the calling party's room number. When the originating switching system does not receive the detailed billing information, e.g., room number, this "06" code allows the call to be routed to an operator or operator services system to obtain complete billing information. The rating and/or billing information is then provided to the service subscriber. This code is used only when the directory number (DN) is not accompanied by an automatic room/account identification.

07

Special Operator Handling Required - calls generated from stations that require further operator or Operator Services System screening are accompanied by the "07" code. The code is used to route the call to an operator or Operator Services System for further screening and to determine if the station has a denied-originating class of service or special routing/billing procedures. If the call is unauthorized, the calling party will be routed to a standard intercept message.

08-09

Unassigned

10

Not assignable - conflict with 10X test code

11

Unassigned

12-19

Not assignable - conflict with international
outpulsing code

20

Automatic Identified Outward Dialing (AIOD) -
without AIOD, the billing number for a PBX is the
same as the PBX Directory Number (DN). With the
AIOD feature, the originating line number within the
PBX is provided for charging purposes. If the AIOD
number is available when ANI is transmitted, code
"00" is sent. If not, the PBX DN is sent with ANI
code "20". In either case, the AIOD number is
included in the AMA record.

21-22

Unassigned

23

Coin or Non-Coin - on calls using database access,
e.g., 800, ANI II 23 is used to indicate that the
coin/non-coin status of the originating line cannot
be positively distinguished for ANI purposes by the
SSP. The ANI II pair 23 is substituted for the II
pairs which would otherwise indicate that the non-
coin status is known, i.e., 00, or when there is ANI
failure.

ANI II 23 may be substituted for a valid 2-digit ANI
pair on 0-800 calls. In all other cases, ANI II 23
should not be substituted for a valid 2-digit ANI II
pair which is forward to an SSP from an EAEO.

Some of the situations in which the ANI II 23 may
be sent:

Calls from non-conforming end offices
(CAMA or LAMA types) with combined
coin/non-coin trunk groups.

0-800 Calls

Type 1 Cellular Calls

Calls from PBX Trunks

Calls from Centrex Tie Lines

24

Code 24 identifies a toll free service call that has
been translated to a Plain Old Telephone Service
(POTS) routable number via the toll free database
that originated for any non-pay station. If the
received toll free number is not converted to a POTS
number, the database returns the received ANI
code along with the received toll free number. Thus,
Code 24 indicates that this is a toll free service call
since that fact can no longer be recognized simply
by examining the called address.

25

Code 25 identifies a toll free service call that
has been translated to a Plain Old Telephone
Service (POTS) routable number via the toll
free database that originated from any pay
station, including inmate telephone service.

Specifically, ANI II digits 27, 29, and 70 will be replaced with Code 25 under the above **stated condition.**

26

Unassigned

27

Code 27 identifies a line connected to a pay station which uses network provided coin control signaling. II 27 is used to identify this type of pay station line irrespective of whether the pay station is provided by a LEC or a non-LEC. II 27 is transmitted from the originating end office on all calls made from these lines.

28

Unassigned

29

Prison/Inmate Service - the ANI II digit pair 29 is used to designate lines within a confinement/detention facility that are intended for inmate/detainee use and require outward call screening and restriction (e.g., 0+ collect only service). A confinement/detention facility may be defined as including, but not limited to, Federal, State and/or Local prisons, juvenile facilities, immigration and naturalization confinement/detention facilities, etc., which are under the administration of Federal, State, City, County, or other Governmental agencies. Prison/Inmate Service lines will be identified by the customer requesting such call screening

and restriction. In those cases where private paystations are located in confinement/detention facilities, and the same call restrictions applicable to Prison/Inmate Service required, the ANI II digit for Prison/Inmate Service will apply if the line is identified for Prison/Inmate Service by the customer.

30-32

Intercept - where the capability is provide to route Intercept calls (either directly or after an announcement recycle) to an access tandem with an associated Telco Operator Services System, the following ANI codes should be used:

30 Intercept (blank) - for calls to unassigned directory number (DN)

31 Intercept (trouble) - for calls to directory numbers (DN) that have been manually placed in trouble-busy state by Telco personnel

32 Intercept (regular) - for calls to recently changed or disconnected numbers

33

Unassigned

34

Telco Operator Handled Call - after the Telco Operator Services System has handled a call for an IC, it may change the standard ANI digits to "34", before outpulsing the sequence to the IC, when the Telco performs all call handling functions, e.g.,

billing. The code tells the IC that the BOC has performed billing on the call and the IC only has to complete the call.

35-39

Unassigned

40-49

Unrestricted Use - locally determined by carrier

50-51

Unassigned

52

Outward Wide Area Telecommunications Service (OUTWATS) - this service allows customers to make calls to a certain zone(s) or band(s) on a direct dialed basis for a flat monthly charge or for a charge based on accumulated usage. OUTWATS lines can dial station-to-station calls directly to points within the selected band(s) or zone(s). The LEC performs a screening function to determine the correct charging and routing for OUTWATS calls based on the customer's class of service and the service area of the call party. When these calls are routed to the Interexchange carrier via a combined WATS-POTS trunk group, it is necessary to identify the WATS calls with the ANI code "52".

53-59

Unassigned

60

TRS - ANI II digit pair 60 indicates that the associated call is a TRS call delivered to a transport

carrier from a TRS Provider and that the call originated from an unrestricted line (i.e., a line for which there are no billing restrictions). Accordingly, if no request for alternate billing is made, the call will be billed to the calling line.

61

Cellular/Wireless PCS (Type 1) - The "61" digit pair is to be forwarded to the Interexchange carrier by the local exchange carrier for traffic originating from a cellular/wireless PCS carrier over type 1 trunks.

(Note: ANI Information accompanying digit pair "61" identifies only the originating cellular/wireless PCS system, not the mobile directory placing the call.

62

Cellular/Wireless PCS (Type 2) - The "62" digit pair is to be forwarded to the Interexchange carrier by the cellular/wireless PCS carrier when routing traffic over type 2 trunks through the local exchange carrier access tandem for delivery to the Interexchange carrier. (Note: ANI Information accompanying digit pair "62" identifies the mobile directory number placing the call but does not necessarily identify the true call point of origin.)

63

Cellular/Wireless PCS (Roaming) - The "63" digit pair is to be forwarded to the Interexchange carrier by the cellular/wireless PCS subscriber "roaming" in another cellular/wireless PCS network, over type 2 trunks through the local exchange carrier access tandem for delivery to the Interexchange carrier. (Note: Use of "63" signifies that the "called number" is used only for network routing and should not be

disclosed to the cellular/wireless PCS subscriber. Also, ANI information accompanying digit pair "63" identifies the mobile directory number forwarding the call but does not necessarily identify the true forwarded-call point of origin.)

64-65

Unassigned

66

TRS - ANI II digit pair 66 indicates that the associated call is a TRS call delivered to a transport carrier from a TRS Provider, and that the call originates from a hotel/motel. The transport carrier can use this indication, along with other information (e.g., whether the call was dialed 1+ or 0+) to determine the appropriate billing arrangement (i.e., bill to room or alternate bill).

67

TRS - ANI II digit pair 67 indicates that the associated call is a TRS call delivered to a transport carrier from a TRS Provider and that the call originated from a restricted line. Accordingly, sent paid calls should not be allowed and additional screening, if available, should be performed to determine the specific restrictions and type of alternate billing permitted.

68-69

Unassigned

70

Code 70 identifies a line connected to a pay station (including both coin and coinless

stations) which does not use network provided coin control signaling. II 70 is used to identify this type pay station line irrespective of whether the pay station is provided by a LEC or a non-LEC. II 70 is transmitted from the originating end office on all calls made from these lines.

71-79

Unassigned

80-89

Reserved for Future Expansion "to" 3-digit Code

90-92

Unassigned

93

Access for private virtual network types of service: the ANI code "93" indicates, to the IC, that the originating call is a private virtual network type of service call.

94

Unassigned

95

Unassigned - conflict with Test Codes 958 and 959

96-99

Unassigned

APPENDIX F

Graphical Plates

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